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U. S. Department of Agriculture
Agricultural Stabilization and Conservation Service

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NEEDED: A RETURN TO UNITY

Let me begin by telling a little story. It is a familiar one to many of you. How well you remember it may be a clue to how old you are.

Some 30 to 40 years ago, an unusual band of men appeared on the American farming scene -- a new kind of missionary. These men preached unity in agriculture as a source of economic strength.

They traveled the length and breadth of this land -- talking to farmers in Alabama, in Maine, in Iowa, in California. They promoted membership in their organizations. They promoted common understanding among regional and commodity groups.

Some of these men were Albert Goss of the Grange ... Ed O'Neal of the National Farm Bureau ... Charles Barrett of the National Farmers Union ... and George Peek, who was to become the first Administrator of the Triple-A. There were others.

These were persuasive men ... and their arguments fell on receptive ears. Agriculture was in trouble ... and some of its troubles sound distressingly modern. Surpluses were a problem -- especially in wheat, cotton, and feed grains -- and farmers were individually powerless to prevent this.

Farm prices were therefore depressed, and there was real suffering among farm families. Farm mechanization was creating change -- but electricity had not yet come to much of agriculture. Most farmers lived in the mud, in the dark, and out of touch.

Address by Horace D. Godfrey, Administrator of the Agricultural Stabilization and Conservation Service, U. S. Department of Agriculture, before the Twentieth Annual Professional Agricultural Workers Conference at Tuskegee University, Tuskegee, Ala., Sunday, December 2, 1962, 2:00 p.m. CST.

Out of this effort by a few far-seeing men came a great new agricultural movement in this country ... a new recognition of farmer needs. It culminated in the forward-looking farm legislation of the early 1930's -- the price support laws, farm credit, conservation assistance, rural electrification, crop insurance, and marketing help. It also was reflected in the new leadership that was brought into the Legislative and Executive Branches, to deal with matters affecting agriculture. All the product of a unity crusade.

What has happened to this ideal of unity in agriculture?

Our great farm organizations are today unable to agree on even the broad objectives of farm policy. In too many cases, our commodity groups fail to look over the fence at the problems of others. And regional interests are too often blind to the needs of other areas.

In Congress, there is increasing difficulty in getting any kind of consensus on farm legislation -- partly because of the growing urban character of the Congress -- partly because of the inability of farming groups to get together and present a common front.

In the last session of Congress, 117 House members actually voted for an amendment to do away with all farm programs.

What happened to the spirit of unity? I have my own opinion -- but it serves little purpose to argue this. Let me just say that the funeral for farmer unity was celebrated during the 1950's -- with some glee, I'm afraid, from people who should have known better.

At any rate, we urgently need a rebirth of farmer spirit in this country -- and I want to make that the over-all theme of my talk here this afternoon. Agriculture needs a return to unity ... a return to the Spirit of the Thirties.

Number one, we need unity on the necessity for preserving the family farm as the basic unit of agricultural production.

The American family farm is the most successful agrarian institution ever developed. The average farm worker now feeds himself and 26 other people. Our people have food available in such plenty that they are able to take it for granted -- and at bargain prices. The average family buys its food for less than a fifth of its income after taxes -- and this has never been true before in any nation at any time.

All this is well known overseas. The hungry of the world know it, because Food for Peace is supplementing the food resources of more than 100 countries. The Iron Curtain countries know it -- their leaders are beating a path to our farm gates and our laboratory doors to figure out how we do it.

Every single country behind the Iron and Bamboo curtains -- including of course Cuba -- is having food problems.

With these facts so well known in other countries -- it's too bad they aren't better appreciated in our own land. Secretary Freeman never misses an opportunity to tell non-farm people how they benefit from the fruits of our productive agriculture. Those of us on the Secretary's team are also enlisted in this broad public relations effort on behalf of the U. S. farmer. I invite each of you to join up if you have not already done so.

All this being true -- it should be dead easy to convince people of the values of family agriculture. Selling these obvious virtues should be like giving away lollipops at the children's matinee. It isn't that easy.

It's not always easy even to get agreement on what a family farm is.

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To many people who were raised on the farm as long as a generation ago, the whole idea of the family farm is so clouded with nostalgia and fading boyhood memories, as to be entirely unreal. They remember an agriculture that no longer is ... and perhaps never was.

Some think that the family farm should be preserved in the mold of 50 years ago ... fixed in a time before the days of hybrid corn, before combines and milking machines, before rural electrification.

Others think the family farm should be abolished or encouraged to fade away in favor of some kind of larger scale concept more in keeping with the giantism of many corporations and other Twentieth Century institutions.

Both attitudes are unreal ... a mirage of wishful thinking.

To me, the family farm is simply a unit of production characterized by the fact that the owner or operator who manages the farm is the farmer himself, and the farmer has the incentive to do a good job because he will be rewarded. He may hire some labor, but he does not depend entirely on hired labor. He may be quite advanced in the use of machinery, and this may have changed the nature of his family farm, but not its basic concept.

Family farming based on the freehold concept of land ownership has had a tremendous influence in shaping our country as a democracy.

Despite its successes, family agriculture has not had a fair shake in our country. In most recent years, American farmers have produced 5 or 6 percent more than the market will take. And, in the absence of adjustment programs, they would have the ability to increase this overlap to perhaps as much as 20 percent. The individual farmer is powerless to prevent this.

The result of overproduction is a downward pressure on prices, and the cost-price squeeze we are all so familiar with.

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The squeeze between falling incomes and the rising cash requirements of farming has meant one thing: Many family farmers have been pushed off the land.

In the five years between 1954 and 1959, Census years, the total number of farms declined 15 percent. The sharpest decline -- about 25 percent -- was in small farms with less than \$2,500 in marketings.

More than two-fifths of the vanishing farms were in southern States -- an area accounting for only a fifth of the total land area. If you separate non-white farms from the total, you find that 36 percent of them dropped out of sight between 1954 and 1959! That's a whopping percentage -- and it's the actual estimated decline, adjusted to the new Census definition of a farm.

All this might seem to put in some doubt "the survival of the family farm" -- which is the over-all theme of your Twentieth Annual Conference.

My personal belief is that the family farm will continue to be the dominant type of production unit in agriculture, although this is by no means assured. There is room for concern when you consider that in 1961 we lost more than 100,000 farms in a year when net farm income was rising 10 percent.

This higher level of income added up to a record net income per farm in 1961. Net farm income is being maintained at about \$12.8 billion this year, and we expect to do at least as well in 1963.

When I predict the continuation of the family farm as the basic unit of American agriculture, I am assuming that we can continue these gains. I am assuming that we will continue to develop the systems of supply management that we have begun in the past two years. We can now foresee a balanced situation in feed grains. If the 1964 wheat program is approved in referendum next July, we will be on our way to a balance in wheat.

To continue this progress will require greater unity and determination among farmers than we have had in the recent past.

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Which brings me to my second major point: We need a return to unity in the support of legislation in the Congress.

No longer can farmers count on a strong "farm bloc" on Capitol Hill. This source of farmer strength in Congress has been weakening progressively -- both because of the schisms between the farm organizations and the growing urbanization of our people.

We saw evidence of this in the reapportionment that took place this year -- followed by the Congressional elections. The result was that we wound up with 19 fewer rural seats in the House of Representatives, and 19 more urban seats.

No longer can farmers afford to stand divided. To be heard in Congress, they must speak with one large voice instead of a babble of small squeaks.

For example, we are in serious need of unity on the subject of a dairy program.

Dairymen across the country should recognize that the problem of overproduction of milk is a nation-wide problem, not a local or sectional one. We must recognize that the production of a pound of excess butter or a hundred weight of excess milk adds to the dairy problem whether it is produced here in Alabama or in the great manufacturing milk areas of the Midwest.

Too many dairymen agree on the need for a program to bring supply into line with demand as long as the "other fellow" does the cutting back on production. This stumbling block in the way of finding a solution to the dairy problem must be removed, and quickly.

We have a difficult situation in the high cost of the dairy program -- but the most serious concern is the fact that price support at 75 percent of parity simply does not provide an adequate income for today's dairy farmer. To correct this problem, we will have to have unity.

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We need greater unity among livestock producers in support of supply management programs for feed grains. Too often, we hear from hog and cattle men that the grain programs don't do them any good -- they just hold up feed prices and reduce profits.

This idea does not stand up. Cheap feed would bring cheap livestock. Without a price support program for feed grains, hog prices would decline -- cattle prices just as certainly would follow.

Four teams of economists -- two at universities and two under the direction of Congressional committees -- carried on separate studies of the question: What would happen to farm prices if the farm programs were abolished?

The consensus was that cattle, hog, turkey and broiler prices -- although not supported -- would be hurt seriously by the abandonment of price supports on other commodities. Within four years we would have cattle prices below 15 dollars and hog prices below 12 dollars. Turkey and broiler prices, already depressed, would receive still further punishment. We need greater unity among farmers in the livestock-feed grain sector.

Among tobacco growers, we need a unity of support for sound supply management programs for other commodities.

Tobacco growers should keep in mind that the continuation of unworkable programs in certain other commodities could have serious consequences in terms of the tobacco program. Programs that are costly and wasteful and ineffective can lead to a demand that all programs be ended. Tobacco would be caught in this.

Tobacco growers for their own protection should therefore support sound supply management programs for other crops. That takes unity.

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Similarly, cotton groups must recognize the need for unity on a new cotton program that will be fair both to growers and to U. S. textile manufacturers.

As you know, Secretary Freeman has announced the 1963 marketing quota and acreage allotment for next year's upland cotton crop ... at 14,367,000 bales. The allotment is 16 million acres with 250,000 additional acres in reserve.

This represents a cut from the quota and allotment in effect on the 1962 crop -- a cut dictated by the existing law. It was a disappointment to Secretary Freeman and to all of us to have to take such action. However, this is not necessarily the final action open to us. We are studying various "choice" programs which would permit additional acreage above the allotment. This would require Congressional action.

President Kennedy has announced he will recommend legislation to remove the inequity in the present two-price cotton system -- a result of the export subsidy which gives foreign textile makers an advantage over our own manufacturers.

The President has directed the Department of Agriculture to recommend ways to ease this problem. The legislation would also aim at increasing domestic consumption of cotton and permitting increases in acreage to be planted to cotton next year and in following years. This is under study.

The Advisory Committee on Cotton has recommended that a "trade incentive" plan be considered. Under this plan, price support to the farmer would continue at a level above world prices. Payments would be made to exporters, as they are now, covering the difference between the price support level and the world price.

Government payments would then be made to handlers of cotton before it is purchased by domestic mills. This would enable the handlers to move the cotton to the domestic mills at a lower price -- which would permit the mills to compete with foreign textiles.

In addition to this plan, the Committee recommended a "choice" program that would permit growers to plant additional acreage if consumption warranted it.

The plan would require growers to pay a marketing fee on cotton from the additional acres -- a fee equal to the export subsidy. This cotton would then be eligible for price support on the same basis as other cotton. The result would be that cotton grown on the additional acres would return to the producer a price about equal to the world price.

My third major point is that the Nation is entitled to some measure of unity on the subject of commodity reserves necessary as protection against a national emergency.

I might say that many people who are interested in agriculture have found themselves recently with a case of mixed feelings.

Accustomed to years of concern and debate over what to do about overstocks of farm commodities -- we suddenly found that the importance of feed reserves had been drawn into sharp focus. This was, of course, the result of a weekend of crisis in late October -- and the ensuing events relating to Cuba.

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The question was this:

Would surpluses continue to be argued about as a curse on the taxpayer... a mountain of decaying dollars ... a drain on the economy?

Or ... would we now begin to point with pride to these stocks as a reserve that should be kept intact as a national life-saver in time of emergency?

Actually, those questions were not new. They had been asked many times since the beginning of the Cold War. But suddenly, the shock of the Cuban crisis combined with a growing awareness of the Communist nation's vexing problem of underproduction of food, destroyed some of the myths about the farmer and American agriculture which had been built during the 1950's in an effort to set public opinion against farm programs.

The most dangerous and ill-considered position of all is the one taken this past week in a speech by the president of a major farm organization -- that the Government should carry no emergency reserves at all. Those who say we should keep no reserves would leave us poorly prepared for war or peacetime disaster. They betray a hot-house kind of thinking that avoids the cold realities of today.

Obviously, in the uneasy world that we live in and will live in for some time to come, large food reserves are essential to our national security. At the same time, it is not economically wise to carry unlimited reserves. And the stocks of certain commodities seem to be far beyond the level that is required.

The solution seems to be in a supply management program that provides for adequate reserves against the uncertainties of the future -- but then balances production against use so that we do not have a continuous and unlimited accumulation of unneeded stocks.

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Certainly, national security in the atomic age prompts us to take a different view of adequate or desirable stock levels than would be the case if only normal commercial requirements were to be considered.

Our supply management program must be geared to maintain reserves of food and fiber adequate for any emergency. To do less in these times is to put our national existence in jeopardy.

Such a policy requires us to think in terms as broad as the Cold War or even nuclear attack. This is a far different matter than a policy limited to maintaining stocks for normal commercial and concessional needs only. Crises breed abnormal demands and abnormal requirements.

In the case of wheat, we might well have as a continuing goal a carryover position which would exceed 600 million bushels. This would mean reducing the carryover from the present level, which is more than twice that.

For feed grains, a reserve level of over 45 million tons would be well justified. Stocks have been far above that figure, but are being reduced by Government programs. At the beginning of this season, the carryover was 71 million tons, and this will likely be reduced to 57 million by the end of the season.

For cotton, the desirable carryover would seem to be somewhat above 6 million bales. The actual carryover this year was 7.8 million bales and this is expected to go up to 9 million by the beginning of next season.

In the case of some other commodities -- soybeans and dry edible beans, for example -- stocks are perhaps too low to provide for the kinds of emergency conditions we might face.

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What I am saying is that the supply management concept is flexible and broad enough to provide for a rise in stocks wherever needed -- as well as to reduce stocks which are far above needed reserves. In the case of most grains, we still have supplies greater than we need for reserves. But the time of balance is approaching, as a result of our supply management program.

We are a diverse country made up of people with diverse interests, and this is certainly true of agriculture. Each of us will always see the total situation from regional, State, and local points of view, and -- mainly -- from a personal point of view. We can never agree completely.

But this does not mean that we cannot find common meeting grounds for necessary action. We have done so in the past. We have developed farm programs which have served our people well and helped to make American agriculture one of the most important elements for good in all of civilization.

We need to find the way again ... to take up again the thread of cooperation spun by those leaders of a generation ago ... to bring to life the Spirit of the Thirties. We need a return to unity.

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I am grateful for this opportunity to meet with my friends of the Farmers Union, and to talk with you about the farm programs, particularly their future. I suspect, from your presence in Washington, that you agree with me that things could be better ... and that things could be worse.

I suspect you agree with me that, while farmers are generally better off than they were three years ago, they are still disadvantaged in our society. They are still operating in an economy that is loaded against them in many ways. They are generally not getting a fair shake as they work to provide a decent living for their families and education for their children.

We have made some progress in the past three years. But make no mistake about it: Had we not had the commodity programs -- or had they not been administered with farmer welfare as the number one goal -- farmers would not even have held their own during that period. They could easily have lost ground and by now have been still worse off in terms of net income than they were in 1960.

Realized net farm income has risen from \$11.7 billion in 1960 to about \$12 $\frac{1}{4}$ billion in 1963 -- a boost of something over a half billion dollars. But to get that rise in income, farmers had to add better than \$3 billion in realized gross income -- most of that money going for higher costs. It is easy to imagine what might have happened to farmers if it were not for their commodity programs, and for those actions taken by Congress and the Administration to strengthen those programs.

Remarks by Horace D. Godfrey, Administrator of the Agricultural Stabilization and Conservation Service, U. S. Department of Agriculture, at a meeting of the National Farmers Union "Bus Trippers" from North Dakota, South Dakota, and Minnesota, Jefferson Auditorium, U. S. Department of Agriculture, Washington, D. C., Monday, January 20, 1964, 2:30 p.m. EST.

The average farm income per farm family was a record \$3,414 in 1962 and about the same level in 1963. This compares with only \$2,961 in 1960. This is improvement, but it is not improvement enough. An income at this level is poor reward for farmers who are the most productive in the world -- the best providers of all time. Furthermore, I share with you a certain amount of apprehension about the reduction in number of farmers which results in the higher per-farm average income. We don't want the reduction in number of farms to come too fast -- as the result of a cruel force-out.

A common yardstick used to measure poverty is \$3,000 net income. When you realize that the average net income of farm families is only \$3,414, it is not surprising to find that more than half of the Nation's farm operator families -- or some 1.6 million -- have an income from all sources of less than \$3,000. The same thing applies to about three out of every four families depending on farm wage work -- or about 600,000 families.

Many of the farm families with incomes below \$3,000 may not think of themselves as being in a state of poverty -- although they certainly feel the pinch. I am not too concerned with definitions. I am concerned with people. I am concerned that these folks do not have the money it takes to live well, in a Nation where people should expect to live well. I am concerned about the children who may be disadvantaged throughout their lives by a basic deficiency in education and opportunity.

And the fact is this: There are about 2.2 million families who depend largely on farm product sales for their livelihood but whose sales do not provide adequate income.

It stands to reason that one of the ways to help those families to do better is through the farm economy itself -- through the medium of better prices for farm commodities. We must avoid by all means any retreat in price policy which would hasten the departure of farm families from the land and

which would intensify the economic decline that is already apparent in so many rural towns. Such a negative, backward-looking policy would produce the result of declining margins and falling net incomes to America's farm families -- more than half of which are in no position to abide such a misfortune.

This would bring an immediate decline in the rural economy as a whole -- affecting business, industry and institutions of all kinds.

It would also accelerate the exodus from agriculture of farm people unable to survive on the farm, unlikely to find work in their own communities, unprepared for the specialized and already burdened job market of nearby major cities.

Thus becomes clear the role of the commodity programs in the war against poverty. Farmers are having to run just to stay even. They must not be permitted to slide backwards. They should be enabled to move forward, into the main stream of American prosperity. This is possible only with the help of commodity programs, which enable farmers to adjust supply against demand and to achieve a decent income in farming. Without such programs, farmers cannot make the necessary shifts in production and cannot maintain prices at a fair level.

It is inhumane to expect two million families to move out of their communities in the near future. It is unrealistic to assume that we can develop new nonfarm enterprise rapidly enough to absorb all of these families within the home communities.

The commodity programs hold the line in two ways. First, they enable the small farmer to plan his operation with a certain security. He knows in advance that the price for his crop will be at a certain level -- and he can count in advance on a certain level of income unless his crops fail or his livestock die. Secondly, the farm programs have been successful in moving gross income ahead

at a slightly faster rate than the farmer's costs -- and this has meant a great deal to rural business. In the past three years, the increase in gross income has funneled an additional \$8 billion into rural communities -- and most of these dollars have wound up in the cash registers of small town retailers and farm supply dealers.

In many thousands of small towns -- farming is still the main industry. It is essential to pursue other avenues of development in many of those communities, to broaden opportunity. It is essential to seek out every circumstance that can be turned into economic growth. But it is also essential that the farmers in those communities be helped to farm more successfully... so that they can stay in the business they know best... while supporting their families adequately...within the way of life that they hold dear. This requires price protection through the commodity programs.

The importance of the commodity programs to small farmers is made apparent with just a few comparisons:

About 70 percent of all cotton farms have an acreage allotment of 15 acres or less. About one-third of all cotton farms are still operated by tenant farmers, most of them small operators.

On tobacco farms, the average acreage is about 2.4 acres. And in the case of flue-cured tobacco, more than one-third of the farms have an allotment of one acre or less.

About one-third of the farm families helped by the dairy price-support program have farms with fifteen cows or less.

More than half the corn loans are for \$1,500 or less. This is true of more than a third of the wheat loans and some 60 percent of the soybean loans.

Four out of five flaxseed loans and five out of six barley loans are for \$1,500 or less.

A great many grain loans are below \$500. This is true of about a third of grain sorghum loans ... 45 percent of price support loans on oats ... and a third of the loans on rye.

So it is plain that price support loans work directly to help a great many small farmers. It is perhaps more important that these programs, by holding up the general level of commodity prices, have helped small operators more than anyone else because these are the operators who were most likely to go out of business in the face of low prices.

The Agricultural Conservation Program is also extremely important as an anti-poverty weapon. Any farmer who is supporting his family on a net income of less than \$3,000 is going to find very few dollars that he can spare for initiating conservation on the land. ACP, by sharing the cost of needed land treatment and water conservation measures, makes it possible for many of these operators to establish practices that they realize are needed, but which they otherwise could not afford.

Perhaps even more important to low income operators is the assistance ACP provides in shifting land out of uneconomic and surplus producing cropland and into livestock production. Through ACP, the Government shares the cost of developing and improving pasture land so that small farmers are enabled to succeed in livestock enterprises. It also makes it possible for many farmers to obtain a new source of income through the development of forest land.

These new enterprises, by increasing the value and productive capacity of the farm, can help the low-income operator to work his way up and out of his circle of poverty. About one-third of all the farms participating in ACP are under one hundred acres. And about one-half of all ACP cooperators receive payments of \$100 or less. There is an obvious need to help people who work and live in enterprises that small -- and ACP is one of those "bootstraps" programs that can help the people who need help the most.

In the past two years, we set aside funds that would otherwise have been used by ACP's "old customers" so as to encourage new participants to start a sound conservation program. As a result, we enrolled 300,000 new participants, and we are satisfied that most of them are farmers who are short of resources and who have less than average farm income. Many probably had been by-passed by most programs and public services. ACP is helping them get a foot upon the next rung of the ladder.

Emergencies on the farm also hit the small operator hardest. A simple misfortune to a better-heeled farmer may be a tragedy to the low-income operator. The emergency programs of ASCS may be a big help to many farmers; but to some farmers they may provide the difference between staying in business and going out of business.

For example, during the past year the ASCS emergency feed grain sales program made feed available at a price the small farmer could pay, in nearly one-half of the States. Some 611 counties. In addition, some 63 counties in 10 States received aid amounting to nearly \$6.6 million to repair damage to farms by floods, earthquakes, drought and windstorm.

Here is an example: Last year in Kentucky, more than 1500 farmers benefitted from the Emergency Conservation Program which helped to repair flood damage in 19 counties. ASCS paid about 80 percent of the cost -- about \$305 per farm. These were mostly small farms in the coal mining area of Eastern Kentucky and were really poverty stricken. The \$305 meant a great deal to those families under those circumstances.

Another program helpful to small farmers is loans for farm storage facilities and equipment. The storage facility loan runs for five years at 4 percent. Loans are available also to enable the farmer to buy drying and other equipment to operate the storage space. In addition, the program under which a farmer may reseal his grain stored in his own bin gives the farmer a chance to earn storage payments.

In calling attention to what has been accomplished with the help of the farm programs, I do not mean to imply that these programs are everything that they should be. They need to be strengthened on several fronts -- and this need is nowhere more crucial than in the case of wheat. We are urgently in need of a new wheat program to apply to the 1964 and 1965 crops. This of course calls for legislative action in the very near future.

There is quite an effort on the part of anti-program people to capitalize on the improved supply situation. There is some improvement, based on greater-than-usual export prospects and a lower-than-expected level of winter wheat seedings. It is unfortunate, however, that this improvement will not be reflected in higher income to farmers.

Our estimate of winter wheat acreage needed indicates slightly more than 43 million acres planted -- compared with about 42 million planted and 33.8 million acres harvested last year. This is a smaller increase than was anticipated last summer and indicates a high degree of compliance with acreage allotments.

The high level of compliance shows that farmers were concerned about the consequences of overplanting -- both as a market factor and as a long-term public problem. It demonstrates once again that farmers are highly responsible people, wanting to do their part to bring about constructive solutions.

It is also important to observe that these growers -- by complying with their allotments -- were affirming their desire for a program in the future and their confidence that the Congress will provide them with such a program. Otherwise, the Anfuso Amendment would have had little effect, since a loss of acreage history would mean nothing to a grower who did not expect to cooperate in a future wheat program.

Unfortunately, the high degree of compliance has been interpreted by some as indicating less need for a wheat program -- in other words, the wheat situation is taking care of itself. Do not believe it! To assume anything better than \$1.35 or \$1.40 wheat on the basis of present prospects is to be hopelessly wishful. Everything we now know about carryovers, the probable new crop, and the potential market, simply reaffirms the need for a new wheat program -- both to reduce excess stocks of wheat and to shore up farmer income.

To give you some idea of how the wheat prices shape up for the 1964 crop, let's take a look at the wheat export payment rates recently set to enable exporters to make sales of wheat now for actual export after the coming harvest.

These rates are based on the best estimates of the domestic market price relationship with the world price, and reflect to a degree what futures traders think 1964-crop wheat prices will be.

On the basis of present price relationships, an exporter could make a deal now to export hard red winter wheat after May 24, with a wheat export subsidy of 15 cents instead of the 65 cents that has been in effect. Or he could make a deal to export white wheat with a 6-cent subsidy instead of 56 cents. That shows that the commercial trade expects the U. S. domestic price to fall very close to the world trade level, or about 50 cents below what they are now. These figures are for East Coast and Gulf Coast export.

If we don't get a new program ... if we let the present program stand ... this is what we estimate will happen in calendar year 1964:

Wheat farmers would lose about \$500 to \$700 million in income. Production expenses would continue to rise, and the loss in net income would therefore be still greater.

Total net farm income realized by all farm operators would be lower in 1964 -- possibly by 5 percent or more below the approximately \$12 $\frac{1}{4}$ billion estimated for 1963. This would wipe out in one crushing blow the entire increase in realized net income that has been achieved since 1960. And, of course, wheat growers would take the brunt of that decline.

Secretary Freeman has advised the enactment of a certificate program for wheat, on a voluntary basis. This kind of program can be carried out without greatly increasing Government expenditures -- and it will avoid the biggest part of the income decline that we are otherwise faced with.

The new program would also permit a continued reduction in wheat supplies. The reduction in wheat and feed grain supplies has been quite successful -- under the special programs of the past three years. The amount of feed grains and wheat under CCC loan and inventories has been reduced by 870 million bushels in only three years, after a continuous rise for nine straight years.

A continuation of our reduction in feed grain stocks is dependent on a successful Feed Grain Program in 1964. So the signup beginning February 10 is extremely important, and I invite your attention to the new program, which is an improved version.

There is the need for new cotton legislation, to protect grower incomes while removing the present inequity faced by American textile mills in competition with foreign mills. The dairy program needs to be improved in a way that increases producer income while reducing the public cost. In the case of potatoes -- another problem commodity -- the industry has recommended a program without price support but with marketing quotas and acreage allotments. I have testified in support of that proposal.

I might report to you that Senator Ellender has indicated he will hold hearings January 28 on cotton, February 4 or 5 on wheat, and perhaps at a later time on dairy.

There are, of course, people on farms who will never be able to obtain the resources and the skills necessary to farm successfully. The programs of the ASCS are not of much direct help to those people. They are farmer programs. But these programs do affect directly and beneficially a great many farmers who are at a low income level and have the ability to do better and deserve to do better.

Moreover, these programs -- by helping farm income in communities where farming is the basic industry -- have a broad, fanning effect on the economies of those areas. In many towns, the best opportunity for new business and industry is for farm-related business and industry. Obviously, a healthy farm economy is an essential base for development of that kind.

The income programs are therefore beneficial far beyond the man who takes out a price support loan or who signs up for ACP. They work for the survival of the rural community .. and for an end to rural poverty.

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United States Department of Agriculture
Agricultural Stabilization and Conservation Service

I am glad for the opportunity to be a part of your State ASCS Conference in Michigan -- and to have a chance to visit with you about some of the problems we share -- some of the successes we have had -- and some of the goals that we have before us.

To a large extent, a man -- like an organization -- can be judged by the goals he sets for himself. It has been said that a great mind may change its goals, but it cannot do without them -- it must have something to pursue.

A goal is something that helps us to move with purpose ... to act with decision ... and to surpass obstacles.

An obstacle is one of those frightful things you see when you take your eye off the goal.

We all have goals for ourselves. A more abundant life. Security for our families. Creative satisfaction perhaps. The gratification that comes from knowing how to do a job well. And the recognition this can bring from our fellow workers and fellow citizens.

We all have goals to consider in doing our jobs -- goals that are implicit in the job of serving agriculture. Goals that are given to us by Congress in the form of programs. Goals that we set for the organization in carrying out these programs.

The organization that has no goal has no reason to exist.

The Government agency without well-defined goals would be a ship adrift -- rudderless and indefensible.

Remarks by Horace D. Godfrey, Administrator of the Agricultural Stabilization and Conservation Service, U. S. Department of Agriculture, at the Michigan State ASCS Conference, Grand Rapids, Michigan, February 16, 1966.

If ASCS is to be measured by the worthiness of its goals, then we can all be proud to be a part of this organization. If ASCS is to be measured by its success in meeting these goals, then we can all be proud of the jobs we have done.

I can think of no organization that has been charged -- year by year for a half decade -- with the number of difficult assignments that have been placed at the door of ASCS.

Every year, we have had major legislation.

And every year, the employees of ASCS have risen mightily to the challenge of these new and dynamic programs -- each of which had to be implemented with regulations and gotten into county offices and farmers' hands. You and I know what a mammoth administrative and communications job this has been.

During the years 1961 through 1965, major farm legislation enacted each year has confronted us with substantial changes in 15 annual commodity programs.

During those five years, commodity programs alone accounted for more than 10 million farmer participations -- each one involving at least one direct contact with an ASCS county office.

Besides developing and operating the special programs, our county offices had to determine more than 3 million farm allotments each year, and they conducted 31 separate referenda among the farmers of America.

When Secretary Freeman took office five years ago, he and his associates set forth some far-reaching goals -- the strengthening of farmer income, the reduction of unneeded farm production, and the lessening of Government costs. These goals have been achieved to a remarkable degree:

1. Farm income is up. Nationall, realized net farm income in 1965 was \$14 billion -- a 20 percent rise in 5 years. Farmers in most areas of the country have benefited from this continued rise.

2. Farm exports were \$6.2 billion last year -- which was a record high and the second straight year that exports were above the new plateau of \$6 billion. We expect that to happen again this year.

3. We have done a good job on grain inventories. Wheat is no longer a synonym for "surplus." Feed grains are no longer a threat to the stability of the livestock economy.

4. More than two-thirds of the Nation's counties are benefiting from the community development programs of the Department -- to revitalize local economies and local services.

5. More than 40 million Americans are benefiting from the expanded food distribution programs, and all of us are benefiting from the bargain that food continues to be for consumers.

These are remarkable achievements -- based on some rather ambitious goals. Now -- we need to reappraise our goals. As times and conditions change in this most dynamic of worlds, we must always be ready to make the needed changes -- in ourselves, in our programs, in our goals.

Some of our goals remain constant -- continued food and fiber abundance, improved farm income, continuing improvement in our service to farmers and the public. Others may require modification -- and we are experiencing some of this in various of the programs we administer.

When the Food and Agriculture Act of 1965 was written, the need for flexibility to adjust to changing goals was fully recognized -- and that flexibility, more than anything else, became the hallmark of this important legislation.

This four-year Act is the best and most far-reaching farm legislation that we have had in one package since the 1930's.

Now, the responsibility is ours. The job of making these programs work is in the hands of ASCS -- and, most importantly, in the hands of the field organization. Our assignment is important because the future of farm programs depends on how well we do. As I have said so many times, the job could not have been given to a finer organization.

As we look to the future, we have the continuing problem of getting participation in the programs. This may sound familiar -- and it is a familiar goal. In some respects this job gets more difficult -- yet it is just as important as ever. Participation is especially important in connection with the Feed Grain Program -- in which you are now engaged in signup. The job of every committeeman and every one of our State and county people becomes doubly important.

What are our immediate goals?

Right now, as I just mentioned, we are in the middle of a signup in the grain programs as well as the Cropland Adjustment Program. One of the questions that is in the minds of farmers as they consider participation in these programs is a long-term national goal -- the desire to help meet the world demand for food.

This is the question in many of your minds -- and I want to face up to it right now in this opening session of your State conference. More than any other subject in farm policy right now -- this matter needs to be considered by each of you in its proper perspective.

As I said a few moments ago, we have done a good job of reducing grain surpluses. This achievement has not come easy, as most of you know. It is

because of the efforts of farmer committeemen and ASCS employees in all of the grain States that we are in such an improved supply position in grains. It is because of this success that we are now able to make some adjustments.

In the case of spring wheat, we have as you know asked for a minimum rather than maximum diversion. It is not that we are running short of wheat -- far from it. On July 1, we will still have a carryover well above what is considered to be a safe reserve level. But with the increasing needs from abroad, we have taken a harder look at the future and decided not to put out the money it would cost for maximum spring wheat participation.

This slight modification of the wheat program should not be confused with feed grains. Wheat reserves are getting close to what we would consider desirable levels; in feed grains we have a longer way to go.

The Department is also taking action to increase soybean production in 1966, due to a demand that has increased each year since 1960. The Secretary will use authority under the 1965 Act to encourage production of soybeans on acreage formerly planted to feed grains.

We have also increased the 1966 acreage allotment for rice by 10 percent -- as announced by the President in his message on "Food for Freedom" a few days ago. This is the result of unprecedented demands arising out of drought and war in Asia.

President Johnson made a very realistic and statesmanlike appraisal of the world's food needs in his special message. He outlined our goals. Among other things, he made it clear that ASCS programs are, and will continue to be, the mechanism for keeping commodity supplies in line with American food policy.

You will be talking with your neighbors about the whole hunger problem. Our county office people, in every county of Michigan, will be talking over the counter to farmers who will be interested in the question -- and who will be affected by it in their production decisions this year.

I hope that you and the other county people, in dealing with farmers and the public, will stress these points:

1. Farmers can sign up for 1966 programs with confidence that the programs are based on the government's best estimates of commodity supply requirements.

2. The flexibility of the Food and Agriculture Act of 1965 assures farmers that future programs will likewise be in tune with market demand and the Nation's food policy.

This flexibility is illustrated this year by the program adjustments eliminating diversion payments for spring wheat, increasing the rice acreage allotment, and permitting feed grain program payments where soybeans are planted on feed grain acres. The President pointed out that we could readily use the 60 million acres now diverted if this became necessary. This acreage is our "major emergency reserve" but should not be used to produce unwanted surplus "and not to supplant the efforts of other countries to develop their own agricultural economies."

3. The two new bills being proposed by the President -- one to establish security reserves of commodities and the other to amend and retain the best parts of P.L. 480 -- could not become effective for some months. They still have to be debated and acted on by Congress. P.L. 480 stays in effect through 1966. Even if the bills had already been debated and enacted, it would take some time to develop with other countries the necessary agreements and programs for self help that can be implemented with the aid of U. S. food. As to reserves, the President's message pointed out: "During the first year of the new program, it is not likely that we will have to purchase any commodity to build up a reserve."

4. No shortages of commodities are in sight or threatened. As Secretary Freeman recently pointed out to the county committeemen (and to the rest of us) we still need urgently to reduce carryover stocks of feed grains and cotton.

As to wheat, we expect to carry over into next crop year as much as we use for food and seed in a full year -- 600-650 million bushels -- despite our stepped-up aid to India. With the program as now set, we can anticipate that with about average weather we will have a crop of 1.3 to 1.4 billion bushels to make a total supply of around 2 billion bushels.

Let's consider India for a moment. Here is a very dramatic problem -- India, with her nearly 500 million people, accounts for a large segment of the world food problem. Certainly hers is a problem that appeals to the compassion of Americans. It is one which we are trying hard to help with. Let me give it a little perspective if I can.

In recent years, we have been sending to India under Public Law 480 around 5 million tons of wheat a year. Last year, India imported 7 million tons of food grains -- 6 million tons of P. L. 480 wheat and 1 million tons of wheat and rice from other sources. This year, as a result of bad crop weather, the Indians have requested 11 million tons of grain from "the community of nations" in order to tide them over until their fall harvest.

I should mention that the United Nations is also engaged in mobilizing assistance to help meet that crisis. Also, President Johnson is expecting other countries to help besides the United States. Canada, for example, has a large wheat carryover -- an estimated 12.3 million tons or 450 million bushels next August 1.

Suppose we assume that the Indians could handle the 11 million tons of grain that we're talking about. And let's assume that the United States would be the only supplier -- and that we would continue to supply wheat and grain sorghum in about the present ratio. What would this do to our wheat supply?

With a 1966 U. S. crop of 1.3 to 1.4 billion bushels, you could still foresee a total wheat supply in this country of 1.8 billion bushels or more -- more than three times our annual use of wheat for food in this country.

Dairy production continues to exceed domestic demand even though surplus stocks are no longer always available to meet domestic and foreign program requirements. The Food and Agriculture Act of 1965 authorizes purchases to meet program needs. We are beginning to use this authority as the President announced in his Food for Freedom message. However, with the flush season of milk production near at hand, supplies of products acquired through price support will become more plentiful. The new purchase authority will, of course, be used judiciously and with as little effect as possible on market prices. The price support program remains the major device for maintaining farm returns.

Feed grain stocks remain more than sufficient -- and it would be tragic to ease up on that program on the theory that our problems are over. We need to continue pushing hard on feed grain signup in 1966. For feed grains, we are aiming for 34 million acres of diversion on farms accounting for 82 million acres of feed grain base. This should turn out to be quite close to what we accomplished in 1965.

Cotton and tobacco are still serious problems in terms of oversupply. We are headed this year for the largest carryover in the history of cotton. We have a new program to deal with that commodity, and we are hopeful that high participation will reverse that trend in supplies and make our fiber more competitive both at home and abroad.

There are many imponderables in the future, but whatever happens, the farm programs and strong farmer participation are basic to the U. S. farmer's ability to survive economically while meeting the demands placed upon him.

The President, in his special message on Thursday, outlined a program to help deficient nations improve their food production -- so long as those nations are determined to help themselves. To increase American aid without regard to self-help measures would, the President said, lead to disaster.

"Disaster could be postponed for a decade or even two -- but it could not be avoided. It could be postponed if the United States were to produce at full capacity and if we financed the massive shipments needed to fill an ever-growing deficit in the hungry nations."

The President emphasized that this use of American food "as a crutch" for other nations is not the course we should take.

The new 1966 programs give us the flexibility to adjust production to our changing needs -- without swamping our own agriculture in a morass of overproduction that could lead to disaster. These programs will be needed to preserve the balance that we have created -- and, like a fighter who is balanced, we will have the ability to go either way at any time.

We have the programs to continue the progress that rural America has been making this past half decade. Through these voluntary programs, farmers

can expect growing income opportunities with a maximum of flexibility and individual choice. Strong participation in the programs by farmers is essential to their success -- and your work with farmers is essential to good participation.

In Washington, some folks still remember first hand the very human qualities of Oliver Wendell Holmes, Jr., Justice of the Supreme Court and son of the great American poet. In 1931, Justice Holmes made a radio address in which he compared life to a horse race. Whenever you think that the goal is reached, that the race is over, the answer comes back: "The work never is done while the power to work remains ... To live is to function."

Justice Holmes was 90 years old when he said that, and he was thinking of the twilight of his years. But it is just as true throughout life. Goals change. New goals supersede the old. One race begets another. The ability to change ... to set new goals and live up to them ... that is living.

These are times when change comes fast. The ASCS organization is one that has been able to meet change ... to stay on its feet ... to come out winner ... to meet its goals.

I am glad to be a part of a nationwide team that includes the people in this room. Thank you for the job you have done ... and will do. Thank you for having me with you this afternoon.

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